



Transfer Pricing

Tax Dispute Resolution Services



In the aftermath of the Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) project, tax authorities are instituting new transfer pricing rules and stepping up the scrutiny of transfer pricing issues. U.S. companies with domestic state-to-state operations are also seeing an increase in state scrutiny of transfer pricing. The scrutiny is expected to produce a substantial increase in transfer pricing disputes.

More than ever, companies should develop a proactive strategy for responding to transfer pricing inquiries that can lead to tax adjustments, penalties, interest charges, and even negative publicity.

KPMG can make a difference

KPMG LLP's (KPMG) Transfer Pricing Dispute Resolution (TPDR) Services team can help you resolve disputes and respond to challenges that come with transfer pricing controversy—domestically or globally. Our experienced professionals can work with you and your transfer pricing team to determine which dispute resolution approach to use, provide robust economic analysis in support of existing transfer prices, help you prepare strong responses to detailed inquiries, and support negotiations with the Internal Revenue Service (IRS) or any other tax authority.

KPMG's TPDR professionals are senior-level tax practitioners with years of dispute resolution experience; many have worked for the IRS in leadership positions. These skilled professionals serve clients in a variety of industries and geographies. By listening to your concerns and goals, we contribute where we can add most value. The combination of this tailored approach with a global and forward-thinking mindset, we can efficiently help you resolve your transfer pricing disputes.

Tax Dispute Resolution Services network

Our transfer pricing professionals are aligned with KPMG's Tax Dispute Resolution Services network, a national team from all areas of tax who assist taxpayers with identifying, managing, and mitigating potential tax risks and exposures. It is our goal to help clients prevent disputes before they arise and to successfully resolve those matters subject to challenge by the tax authorities.

KPMG's services

Our professionals can help your organization in a variety of areas:

- Assist with transfer pricing examinations
- Respond to Information Documentation Requests and other requests for information
- Provide options for approaching exams
- Conduct risk assessments and mock exams
- Review Forms 5471 and 5472—a current area of IRS focus—where transfer pricing plays an important part in what is reported

- Assemble information and analyses that may support the contemporaneous documentation requirements in cases where there are no formal reports
- Provide supplementary economic and regulatory analysis as necessary.

Appeals and alternative processes

- Prepare responses to Form 5701, Notices of Proposed Adjustment
- File protests to the IRS Appeals Division (upon receipt of 30-day letter) and represent clients before the Appeals Division
- Represent clients in available alternate dispute resolution processes, such as Fast Track Settlement, Mediation, and Arbitration

Advance pricing agreement process

- Develop approaches to resolving transfer pricing issues through the advance pricing agreement (APA) process
- Assist with negotiating unilateral, bilateral, or multilateral APAs (new and renewals), including coordinating the APA process with tax authorities in non-U.S. jurisdictions

- Assist with the APA annual reporting and compliance requirements
- Help resolve transfer pricing disputes by applying, if possible, the APA transfer pricing methodology to back years (rollbacks)
- Use the APA process to resolve such transfer-pricing-related issues as determining the amount of income effectively connected with a specific transaction of the U.S. trade or business

Competent authority/mutual agreement procedure

- Request competent authority assistance to resolve double taxation issues involving both IRS-and foreign-initiated adjustments
- Request accelerated competent authority assistance to resolve the issue for prior years (not just for the years in which a formal adjustment has been raised)
- Identify situations requiring certain protective measures and undertaking the necessary steps to preserve your right to relief under the applicable mutual agreement procedure (MAP)



Our experienced team

The TPDR group delivers a multidisciplinary approach to transfer pricing and risk management issues. The group includes former IRS Chief Counsel professionals who negotiated APAs and have close access to the firm's more than 100 economists with advanced degrees, including approximately 30 with PhDs, and seasoned international corporate tax professionals with extensive experience in intercompany transfer pricing planning.

For companies with operations outside the United States, our professionals draw on the global resources of KPMG International member firms to deliver services that align with your organization's global structure, as well as its tax and business objectives.

KPMG's professionals know the right questions to ask and have established contacts with tax regulatory authorities in the United States and in most locales around the world to help get those questions resolved. Accordingly, we can help you choose and develop the appropriate approach. We offer the professional support you need—whenever and wherever you need it—and, as a result, help you reduce costs, save time, and realize sustainable value in the long term.

Experience counts in tax disputes. KPMG can make a difference.



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